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MISSP

DOING BUSINESS IN INDIA – INFORMATION TECHNOLOGY SECTOR

Legal & Tax update

June 1, 2020

AGENDA

1	Legal update
2	Tax update
3	Questions?

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OUR TEAM TODAY

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For our latest India tax and regulatory updates : please visit our website or click on the link provided below :

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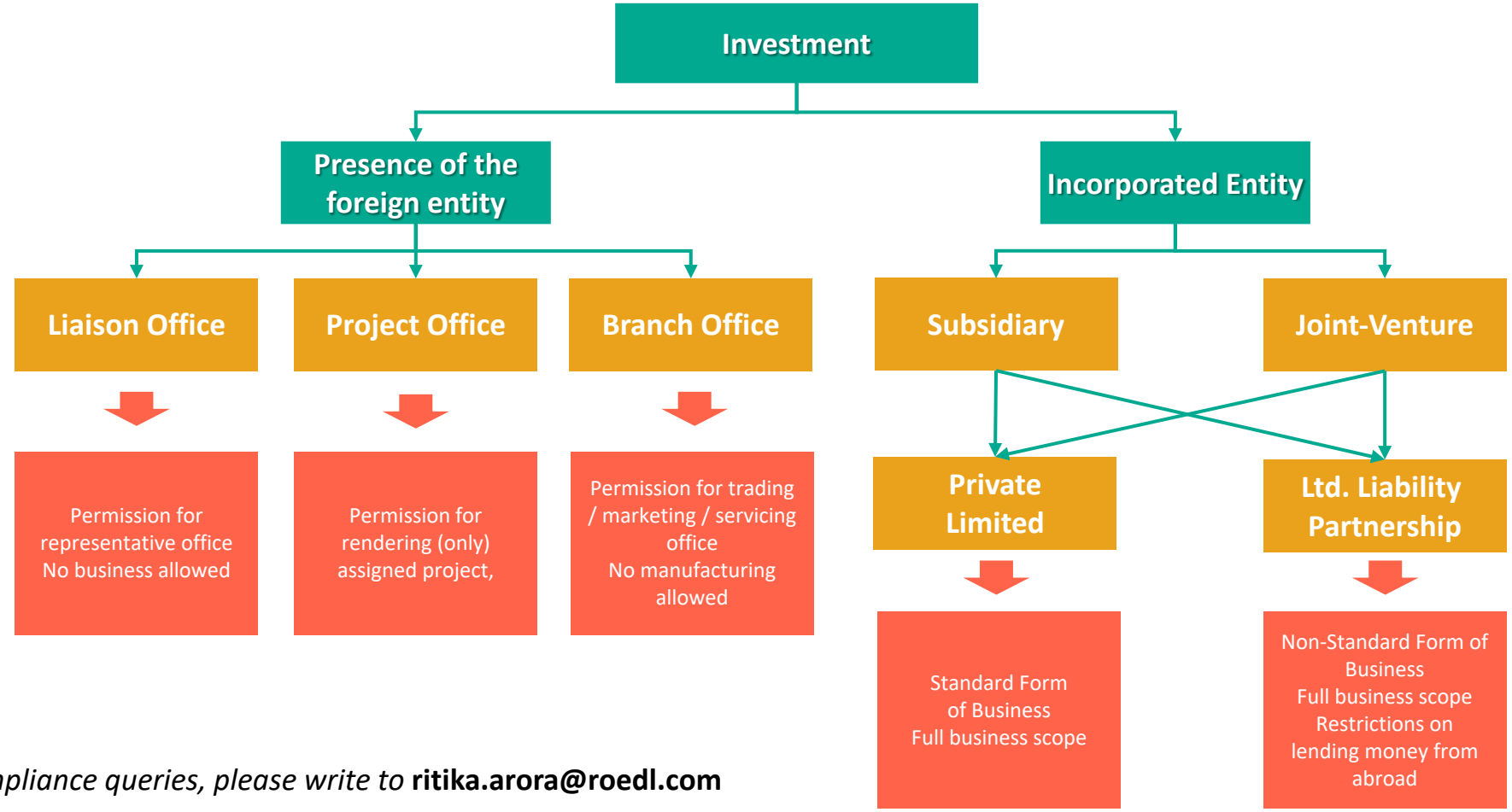
1. LEGAL UPDATE

OVERVIEW OF ENTRY OPTIONS IN INDIA



For any legal or compliance queries, please write to **ritika.arora@roedl.com**

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1. LEGAL UPDATE

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SETTING UP

- ✓ Centralised and digital process
- ✓ Fast company formation
- ✓ Required tax registrations are done now parallel with the incorporation process
- ✓ Practical Problems
- ✓ Opening a bank account
- ✓ Specific registrations for setting up business in IT sector.

SECTOR SPECIFIC

- ✓ 100% FDI under automatic route in software/ IT industry/ data processing etc.
- ✓ Information Technology Act, 2000 read with relevant rules
- ✓ Draft Personal Data Protection Bill modelled after General Data Protection Regulations of the EU (GDPR)
- ✓ State Specific Information Technology Policies offering various incentives
- ✓ National Policy on Software Products 2019

LAW ENFORCEMENT

- ✓ Recognition of foreign judgments only after filing execution proceedings/ civil suit
- ✓ Choice of law and place of jurisdiction
- ✓ Arbitration and Conciliation Act, modern arbitration law and institutions available
- ✓ Contract drafting under Common Law
- ✓ Transparent and comprehensible judgments

INSOLVENCY & BANKRUPTCY LAW

- ✓ Legally defined timelines for completion of the resolution process
- ✓ Thresholds to initiate the process
- ✓ Electronic Information system about the companies in insolvency process
- ✓ Continuing legal processes and further developments

LABOUR LAWS

- ✓ Standardization and streamlining of labor laws and regulations
- ✓ Codification in 4 categories (Industrial Relations, Wages, Safety and Social Security)
- ✓ Introduction of Model laws and regulations (Shop and Establishment Act)
- ✓ Ease of Compliance (Portal, LIN)

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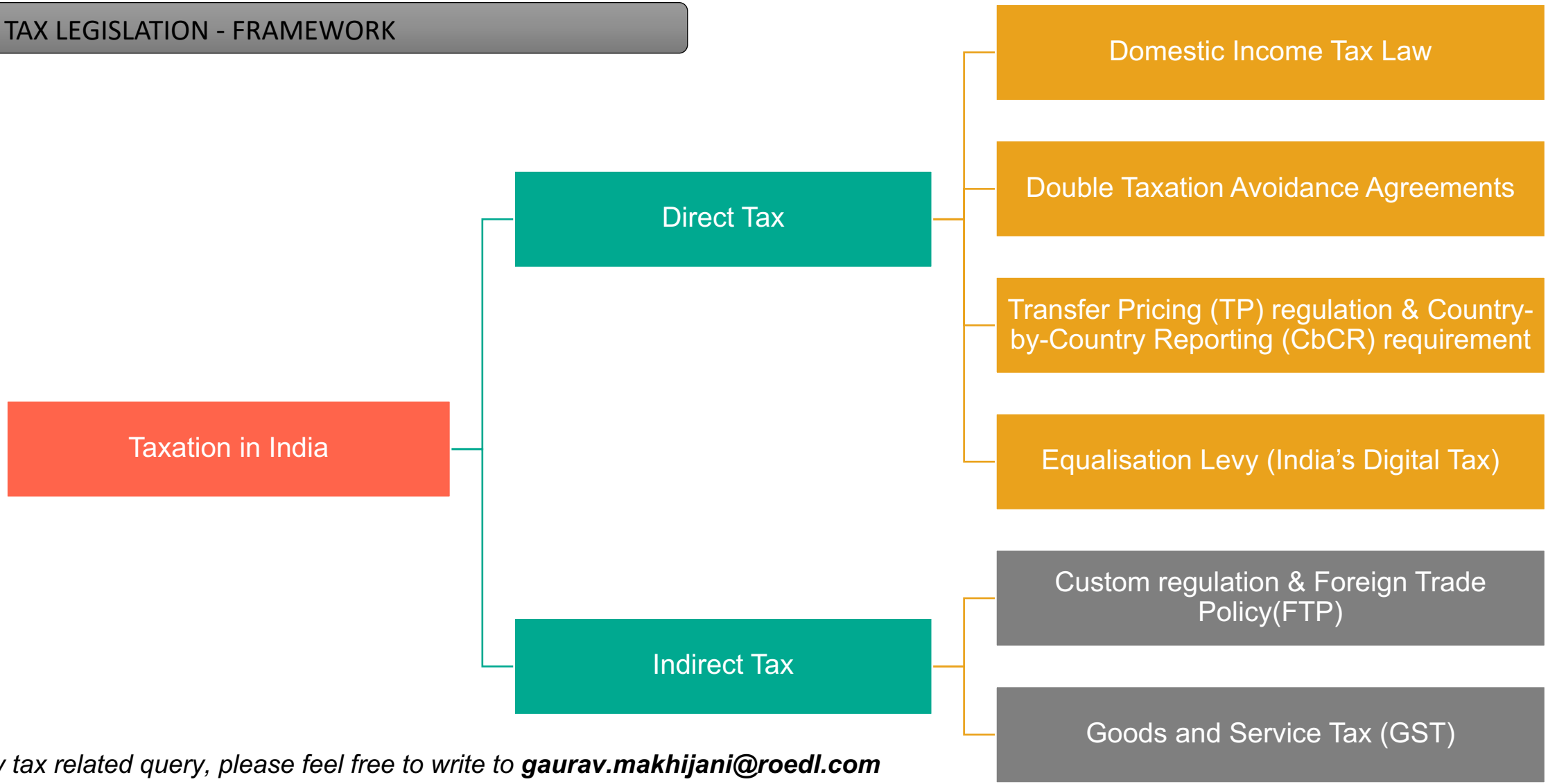
2. TAX UPDATE

2.1 TAX LEGISLATION - FRAMEWORK



For any tax related query, please feel free to write to ***gaurav.makhijani@roedl.com***

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2. TAX UPDATE

2.2 DIRECT TAX UPDATES

Base Corporate Income-tax (CIT) rate reduced to 22% from FY 2019-20

Reduced CIT rate of 15% for setting up a **manufacturing company** in India

Dividend Distribution Tax abolished w.e.f 01 April 2020

Interest on foreign currency loan subject to 5% withholding. Interest deduction allowed up to 30% of EBDITA

Option of Advance ruling, Mutual Agreement Procedures & Advance Pricing Agreements

Tax incentive for employment generation

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2. TAX UPDATE

2.3 INDIRECT TAX UPDATES

- Goods & Service Tax facilitated simplification and ease of compliances
- E-way bill - facilitates ease of movement of goods across state borders
- FTP - Remission of Duties and Taxes on Exported Products (RoDTEP)
- Advance ruling mechanism for GST issues

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